

Message Text

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ACTION ARA-17

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-09 H-02

INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14

USIA-12 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 INT-08

ACDA-19 FPC-01 RSR-01 /199 W
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R 091800 Z MAR 73

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 5148

INFO AMEMBASSY PARIS

LIMITED OFFICIAL USE PORT OF SPAIN 0271

E. O. 11652: N/A

TAGS: ENRG, TD, FR, US

SUBJECT: DEVELOPMENTS IN TRINIDAD'S LNG PROJECT

REF: POS 1419 NOTAL

1. GOTT MEET WITH ITS ADVISORS IN PORT OF SPAIN WEEK OF FEBRUARY 26 REVIEWING IN ITS ENTIRETY PROPOSED SALE OF LIQUEFIED NATURAL GAS FROM AMOCO'S OFFSHORE DISCOVERIES TO PEOPLES GAS CO. IN CHICAGO. IN ADDITION TO US ADVISORS DR CHARLES HELLER, AND DUFF, ANDERSON & CLARK/ DUFF AND PHELPS OF CHICAGO, GOTT HAS NOW ALSO HIRED FRENCH NATIONAL PETROLEUM COMPANY ERAP TO ADVISE IT. ERAP OFFICIALS ROCHE AND DAUMARGUES (PHONETIC) HAVE BEEN HERE FOR SEVERAL WEEKS GOING OVER STUDIES PREPARED BY WILLIAMS BROS. OF TULSA FOR AMOCO AND DUFF ETC. FOR GOTT. APPARENTLY REVIEW ALSO ENCOMPASSES ASSOCIATED GAS FROM AMOCO'S OFFSHORE CRUDE OIL DISCOVERIES, SOME OF WHICH ALREADY UNDER PRODUCTION. AMOCO HAS OFFERED ASSOCIATED GAS TO GOTT FREE AT SEPARATORS ON OFFSHORE PLATFORMS, BUT GOTT WILL HAVE TO TRANSPORT IT FROM THERE.

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WHEN OVERALL REVIEW T& T GAS POLICY WILL BE COMPLETED UNKNOWN.

2. OUR BEST INDICATIONS ARE THAT FRENCH HAVE DEFINITELY DECIDED AGAINST EQUITY PARTICIPATION IN LNG PROJECT, TURNING DOWN GOTT' S OFFER TO MAKE 5 PER CENT SHARE AVAILABLE TO THEM OUT OF GOTT' S INTEREST. REPORTEDLY GOTT THEN SUGGESTED FRENCH TAKE MANAGEMENT CONTRACT TO RUN THE PROJECT (TO CONSTERNATION OF AMOCO) BUT APPARENTLY FRENCH REJECTED THAT IDEA AS WELL. NEVERTHELESS PM WILLIAMS ABETTED BY HELLER STILL SEEMS TO BE ANXIOUS TO HAVE FRENCH SOMEWHERE IN PICTURE.

3. ACCORDING TO DUFF ETC., GOTT PRESENTLY RECONSIDERING DESIRABILITY OF EXERCISING ITS OPTION FOR 25 PER CENT INTEREST IN PROJECT' S TWO LNG TANKERS, AND MAY EVEN REVERSE ITS EARLIER DECISION TO TAKE 50 PERCENT INTEREST IN GATHERING SYSTEM AND PIPE-LINE. THAT WOULD CONFINE GOTT' S EQUITY PARTICIPATION TO 51 PERCENT SHARE IN LNG PLANT. WITH PROJECT' S GAS PRICE (LANDED IN US) NOW SAID TO BE OVER 90 CENTS/ THOUSAND CUBIC FEET, GOTT' S PROSPECTIVE REVENUE PARTICIPATION SEEMS TO BE ON THE INCREASE. THIS OF COURSE PRESUPPOSES EVENTUAL APPROVAL OF PROJECT. BOTH AMOCO AND GOTT' S ADVISORS NOW PREDICT FPC FILING JULY FIRST AT THE EARLIEST, WITH FORMAL APPLICATION FOR MARAD ASSISTANCE ON TANKERS PERHAPS EVEN LATER. DELAYS ATTRIBUTABLE BOTH TO GOTT' S INDECISIVENESS, AND AMOCO' S SLOWNESS IN GATHRING EVIDENCE OF RESERVES THAT IS LIKELY TO BE ACCEPTABLE TO FPC.
MOFFAT

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